



## **The integrity of NMM units - sustainability assessment of co-benefits and negative impacts**

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# ***The integrity of NMM units***

*- sustainability assessment of co-benefits and negative impacts*

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Roundtable on Environmental Integrity in NMM & FVA

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## Issues

- Environmental integrity – what is it?
- The 'integrity' of NMM units - sustainability
- Experience from CDM sustainability assessment:
  - SD co-benefits
  - No-harm done
  - Involvement of stakeholders
- NMM sustainability assessment

## Environmental integrity – what is it?

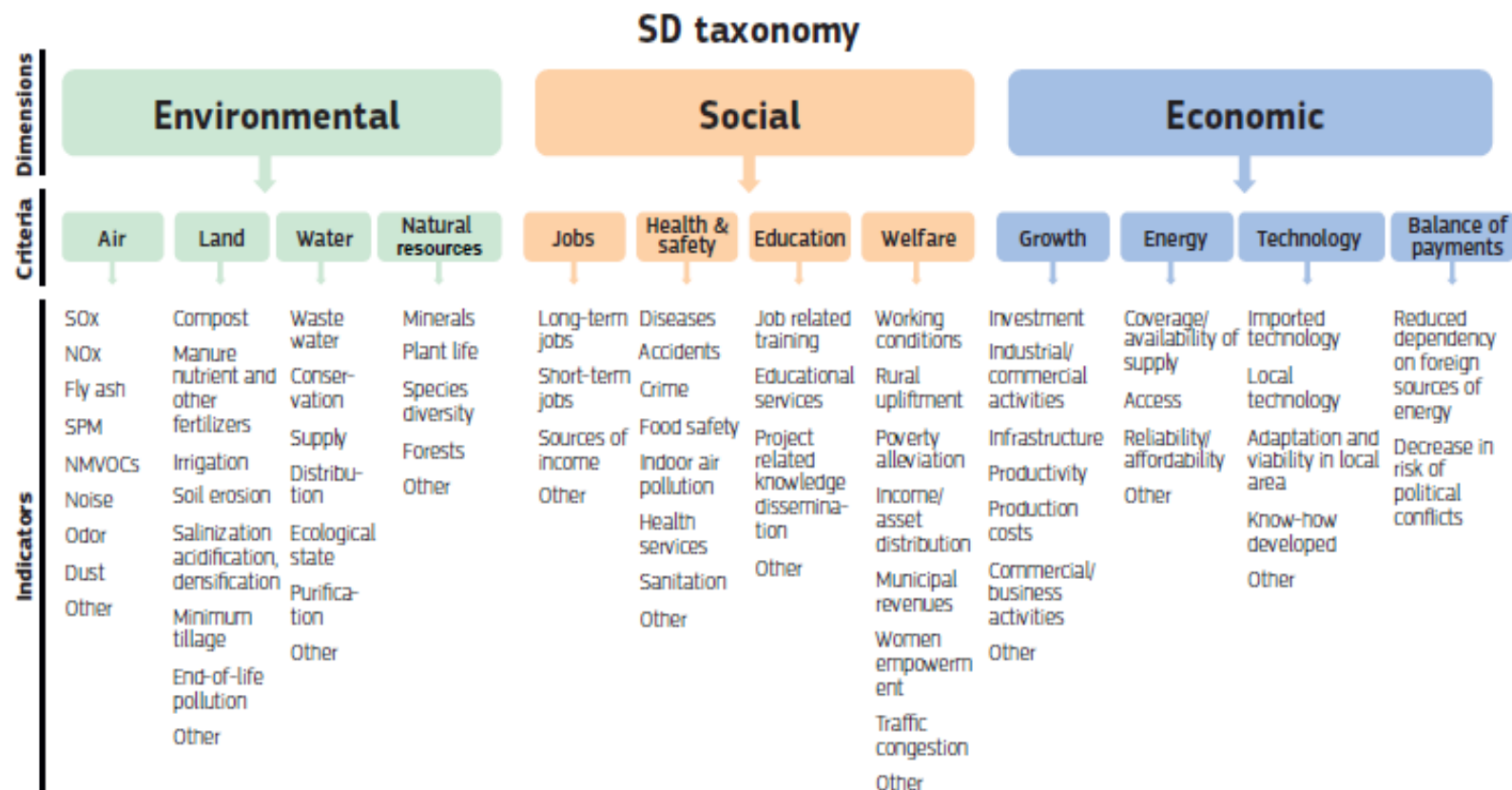
- Units/ER are: 'real, permanent, quantifiable, verifiable and enforceable' (AB32 Integrity Standard)
- When linking domestic ETS with different design features *environmental integrity* is about the following:
  - the nature and stringency of ER targets and caps (relative or absolute, ambition)
  - the definition and recognition of trading units (CCS, nuclear sinks etc.)
  - provisions for banking and borrowing
  - MRV (confidence)
  - compliance regime (penalties, price cap, safety valves)
- Tension: Environmental vs economic effectiveness

(Source: Sterk & Schüle, 2009)

## The 'integrity' of NMM units

- NMM must contribute to SD (Decision 1/CP.16)
- The integrity (wholeness) of trading in ER units depends on the mitigation activities' contribution to sustainable development co-benefits, the handling of risks of negative impacts and stakeholder involvement to enhance credibility and transparency
- CDM sustainability assessment is moving towards an international approach to comparability of co-benefits across all project types
- Negative impacts, however, are not addressed (EB69)

# CDM sustainability assessment



Online SD tool – EB70 draft: [https://www.research.net/s/SD\\_tool\\_vers7](https://www.research.net/s/SD_tool_vers7)

# No Harm Safeguards

<b>Human rights</b>
The activity risks violating human rights including the rights of indigenous people and members of local communities
The activity risks being complicit in involuntary resettlement
The activity risks alteration, damage or removal of critical cultural heritage
<b>Good labor practice</b>
The activity risks violating employee freedom association and right to collective bargaining
The activity risks being complicit in forced or compulsory labour such as bonded labour, debt bondage, forced prison labour, slavery, servitude or human trafficking
The activity risks employing, involving and/or being complicit in some form of child labour
The activity risks discrimination based on gender, race, religion, sexual orientation or any other basis
The activity risks exposing workers to unsafe or unhealthy work environments
<b>Environmental protection</b>
The activity risks damage to the environment and/or natural habitats including those that are legally protected, officially proposed for protection, identified by authoritative sources for their high conservation value or recognized as protected by traditional local communities
The activity employs a precautionary approach to avoid negative impacts on ecosystems, communities and vulnerable groups
<b>Anti-corruption</b>
The activity risks involving and/or being complicit in corruption
<b>Land Rights</b>
The activity risks violating existing land rights and land use rights, whether formal or informal
The activity risks violating free, prior and informed consent as the basis for all negotiated agreements for any compensation, acquisition or voluntary relinquishment of rights by land use owners or owners of CDM operations
<b>Other activity related impacts</b>
Other negative impacts

# Stakeholder involvement - declaration

Stakeholders: Consultative process:	Local communities	Local, national and/or international NGOs	Local policy makers and representatives of local authorities	Local DNA representatives and/or UNFCCC Focal Points	Other persons
First meeting held and issues discussed					
Meeting report was produced and distributed					
Documents were available in the local language(s)					
Feedback meeting(s) and/or communications were conducted					
Monitoring of agreed steps presented/ reported					
Other means of interaction					



## Sustainability assessment of NMM units

- The integrity of a NMM is crucial and goes beyond the issue of environmental effectiveness
- Learn from CDM experience and address sustainability assessment at international level (UNFCCC regulator), incl.:
  - No harm safeguards to address risks of negative impacts
  - Stakeholder involvement for credibility and transparency
  - Reporting on co-benefits for SD contribution